BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI.

THE OPINIONS BELOW.

The opinion of the District Court of the United States for the District of Maryland (Coleman, U. S. D. J.) was filed on February 21, 1940. It is printed in the Record at page 1532 and is officially reported in 31 Fed. Supp. 735.

The United States Circuit Court of Appeals for the Fourth Circuit entered judgment on appeal on January 11, 1941. It amended its opinion and denied a rehearing on February 18, 1941. (R. 2197) The amended opinion is printed in the Record at page 2159 and is officially reported in 117 Fed. (2d) 352.

JURISDICTION.

The petition sets forth at page 2 a concise statement of the grounds on which the jurisdiction of this Court is invoked.

STATEMENT OF THE CASE.

The petition sets forth at page 3 and following a concise statement of the case containing all that is material to the consideration of the questions presented, with appropriate page references to the printed Record.

SPECIFICATION OF ERRORS.

The court is referred to Section III of the petition, beginning at page 15 and setting forth the questions presented, and to Section IV of the petition, beginning at page 16 and setting forth the reasons for the allowance of the writ. Thus have been indicated the errors which, petitioner believes, run through the decision of the Circuit Court of Appeals. Those errors will now be discussed in the order in which the reasons for allowance are set forth in the petition.

SUMMARY OF ARGUMENT.

I. The Circuit Court of Appeals did not follow the decision of this court in *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143.

The basis shown for relief here is the same basis on which relief was granted in the *Koke* case, and the court conceded that what was said of "Coca-Cola" in that case is equally true today. Its departure from the precedent thus established was founded only on its attempt to draw a legally impossible distinction between trade-marks which are and trade-marks which are not entitled to protection from fraud resulting in deception.

II. The Circuit Court of Appeals denied to petitioner the statutory remedy for infringement by colorable imitation.

Respondents' marks have produced confusion and have deceived purchasers. They accomplish the wrong prohibited by the statute. They are therefore colorable imitations of petitioner's registered trade-mark, and they should be dealt with accordingly.

> Trade-Mark Act of 1905, Sections 16, 5, 19 (U. S. C. Tit. 15, Sections 96, 85, 99);
> *Century Distilling Co.* v. *Continental Distilling Corporation*, 23 Fed. Supp. 705, affd. (C. C. A. 3) 106 Fed. (2d) 486;
> *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461;
> *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19.

III. The Circuit Court of Appeals did not follow the decisions of this court with respect to protection of a trade-mark which through secondary meaning has come to indicate origin.

The primary question in a case of this kind is whether there has been misrepresentation as to the origin of goods. The ground for relief is the existence of the fraud, not the existence of a completely exclusive right in the instrument by which the fraud is accomplished. Protection against fraud is therefore to be granted to the owner of a trade-

mark of secondary meaning or double significance as freely as to the owner of any other trade-mark.

International News Service v. *Associated Press*, 248 U. S. 215;
Hanover Star Milling Co. v. *Metcalf*, 240 U. S. 403;
Coca-Cola Co. v. *Koke Co.*, 254 U. S. 143;
Thaddeus Davids Co. v. *Davids*, 233 U. S. 461;
Armstrong Paint & Varnish Works v. *Nu-Enamel Corp.*, 305 U. S. 315.

IV. The Circuit Court of Appeals did not follow the decisions of this court with respect to retention of trade-mark rights. Its conclusion that the rights once owned by petitioner have been destroyed through appropriation by others over petitioner's protest is in direct conflict with the doctrine enunciated by this court that the owner of valid rights cannot be dispossessed of them by the unauthorized or fraudulent acts of others, or by any means except his own intent to abandon them.

Saxlehner v. *Eisner & Mendelson Co.*, 179 U. S. 19;
Hanover Star Milling Co. v. *Metcalf*, 240 U. S. 403;
Baglin v. *Cusenier Co.*, 221 U. S. 580;
Beech-Nut Packing Co. v. *P. Lorillard Co.*, 273 U. S. 629;
Old Dearborn Distributing Co. v. *Seagram-Distillers Corporation*, 299 U. S. 183;
Singer Manufacturing Co. v. *June Manufacturing Co.*, 163 U. S. 169.

V. The section of the Restatement of Torts on which the Circuit Court of Appeals relied is in conflict with the general law applicable to this case. It suggests that a trade-mark may be destroyed by piracy, against the owner's protest. Such a suggestion is irrelevant to this case, where the validity of petitioner's trade-mark is unquestioned. It is not authoritative in any case, for it is at variance with the established rule as to retention of trade-mark rights.

Restatement of Torts, Section 735 (1);
63 C. J. p. 530;

Sebastian on Trademarks, 5th Ed., p. 120;
30 Columbia Law Review, p. 186;
Schechter, "The Historical Foundation of Trade-Mark Law," p. 166;
Derenberg, "Trade-Mark Protection and Unfair Trading," p. 616;
Selchow v. *Baker*, 93 N. Y. 59;
Celluloid Mfg. Co. v. *Cellonite Mfg. Co.*, 32 Fed. 94;
Peter Stuart et al. v. *John Thomas et al.*, 1 Baltimore City Rep. 524;
Ford v. *Foster*, (1872) L. R. 7 Ch. App. 611;
Corkran Hill & Co. v. *A. H. Kuhlemann Co.*, 111 Atl. 471, 136 Md. 525;
Sherwood Co. v. *Sherwood Distilling Co.*, 9 Atl. (2d) 842, 177 Md. 455;
Little Tavern Shops v. *Davis*, (C. C. A. 4) 116 Fed. (2d) 903;
Saxlehner v. *Eisner & Mendelson Co.*, 179 U. S. 19.

VI. The decision of the Circuit Court of Appeals is in conflict with the proper interpretation of Rule 52(a) of the Rules of Civil Procedure.

There is great uncertainty among the several Circuit Courts of Appeals as to the weight which is to be given under this rule to the findings of the trial courts.

Beckey National Bank v. *Boone*, (C. C. A. 4) 115 Fed. (2d) 513;
Storley v. *Armour & Co.*, (C. C. A. 8) 107 Fed. (2d) 499;
Missouri Company v. *George*, (C. C. A. 8), 114 Fed. (2d) 757;
Aetna Insurance Company v. *Kepler*, (C. C. A. 8) 116 Fed. (2d) 1;
State Farmers Mut. etc. Co. v. *Bonacci*, (C. C. A. 8) 111 Fed. (2d) 412;
Adamson v. *Gilliland*, 242 U. S. 350;
Santa Cruz Oil Corporation v. *Allbright-Nell Co.*, (C. C. A. 7) 115 Fed. (2d) 604;
Webb v. *Frisch*, (C. C. A. 7) 111 Fed. (2d) 887;
In re American Mail Line, (C. C. A. 9) 115 Fed. (2d) 196;
Wittmayer v. *United States*, (C. C. A. 9, Apr. 8, 1941) 4 Fed. Rules Ser. 42, Case 4, — Fed. (2) —.

Continental Oil Company v. *Jones,* (C. C. A. 10) 113 Fed. (2d) 557;
Kelly v. *Aderhold,* (C. C. A. 10) 112 Fed. (2d) 118;
Manning v. *Gagne,* (C. C. A. 1) 108 Fed. (2d) 718;
Occidental Life Insurance Company v. *Thomas,* (C. C. A. 9) 107 Fed. (2d) 876.

It is therefore important as a general matter of law that an authoritative interpretation of the rule be made. It is particularly important that such an interpretation be made in this case, because the decision of the Circuit Court of Appeals has nullified the trial court's finding of the fact of confusing similarity, and this, we believe, was beyond the proper limit of its power.

Restatement of Torts, Vol. 3, Sec. 729;
Baker v. *Master Printers Union of New Jersey,* 34 Fed. Supp. 808;
Williamson Candy Co. v. *Ucanco Candy Co.,* 3 Fed. (2d) 156.

VII. This decision is in conflict with the decisions of other Circuit Courts of Appeals. It recognizes the validity of petitioner's trade-mark, yet sanctions the deceptive use of one half of it in the names of another product. This is inconsistent with the denials in other Circuits of a denominative use which results in deception.

Baglin v. *Cusenier Co.,* 221 U. S. 580;
Standard Paint Co. v. *Rubberoid Roofing Co.,* (C. C. A. 7) 224 Fed. 695;
Standard Paint Co. v. *Trinidad Asphalt Mfg. Co.,* 220 U. S. 446;
Trappey v. *McIlhenny Co.,* (C. C. A. 5) 281 Fed. 23;
Barton v. *Rex-Oil Co.* (C. C. A. 3) 29 Fed. (2d) 474.

It is also in conflict with other strong decisions restraining an unfair denominative use.

Celluloid Mfg. Co. v. *Cellonite Mfg. Co.,* 32 Fed. 94;
American Waltham Watch Co. v. *United States Watch Co.,* 173 Mass. 84, 54 N. E. 141;
Bengue v. *American Pharmaceutical Co.,* 155 Misc. 602, 280 N. Y. S. 153, affd. 294 N. Y. S. 509.

ARGUMENT.

I.

The Circuit Court of Appeals did not Follow the Decision of This Court in Coca-Cola Co. v. Koke Co., 254 U. S. 143.

In its decision in the *Koke* case, this court recognized the validity of petitioner's trade-mark and the secondary meaning which gives it a right to protection against a designedly fraudulent approximation of it, either in whole or in such part as may result in deception and passing off.

The facts on which petitioner here seeks relief were all recognized in the decision of the Circuit Court of Appeals: the validity of petitioner's trade-mark,[1] the fraudulent conduct of the respondents,[2] the imitation of petitioner's product,[3] the proof of deception as to origin[4] and the palming off[5] of respondents' product as and for petitioner's. Similar facts were the basis of the relief granted in the *Koke* case, and the means by which the injury was accomplished was of the same nature—the approximation of one part of petitioner's trade-mark.

In view of such a parallel of facts, the *Koke* case ought to be a controlling precedent here. The status of petitioner's trade-mark has not changed since that decision. The Circuit Court of Appeals here expressly held (R. 2162) that

> "The evidence in the pending case shows that what was said of the name in Coca-Cola Co. v. Koke Co., 254 U. S. 143, 41 S. Ct. 113, 65 L. Ed. 189, and Coca-Cola Co. v. Old Dominion Beverage Corp., supra, is equally true today."

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[1] R. 2162.

[2] R. 2159.

[3] R. 2175.

[4] R. 2162.

[5] R. 2174.

The following is "what was said of the name" in the *Koke* case (254 U. S. 143, 146):

> "It means a single thing coming from a single source, and well known to the community. * * * In other words, Coca-Cola probably means to most persons the plaintiff's familiar product, to be had everywhere, rather than a compound of particular substances. * * * We see no reason to doubt that, as we have said, it has acquired a secondary meaning in which, perhaps, the product is more emphasized than the producer, but to which the producer is entitled."

This being so—and the Circuit Court of Appeals having affirmed that it is so—there was no occasion for that court to consider "whether or not the word 'cola' has a descriptive significance apart from its use in the trade-mark Coca-Cola." It is clear from the language of the *Koke* decision that neither "Coca" nor "Cola" should be considered the name of a substance, or anything more than one-half of petitioner's valid trade-mark. The Circuit Court of Appeals' discussion of other significance was inconsistent with its own findings, and wholly at variance with the earlier holding of this court.

The Court below, while giving lip service to this Court's decree in the *Koke* case which adjudged "Coca-Cola" to be a valid trade-mark[1], attempted to make a distinction between trade-marks which are wholly arbitrary and those which might originally have had some descriptive significance but have achieved a secondary meaning. No such distinction is legally possible. The only distinction between the two is procedural, not substantive. A mark which is wholly meaningless is presumed to distinguish the origin of the goods to which it is applied, hence presumptively, use by a competitor on like goods will mislead purchasers into the

[1] "(2) That the word 'Coca-Cola' is a valid trade-mark.
"(3) That plaintiff is the owner of and alone entitled to use the trade-mark 'Coca-Cola' and that its goods alone can lawfully be sold under that name."

belief that his goods come from the plaintiff. Therefore, it follows that the first user of the mark is presumed to be injured by the defendants' appropriation or colorable imitation of it. One presumption is built on another. In the case of a mark which may originally have had some descriptive meaning, but which it is proved identifies the origin of the goods to which it is applied, and it is also proved that the use by a competitor on like goods in fact misleads purchasers into the belief that his goods come from the plaintiff, the relief to be given must be the same. The second case is not built on presumption but upon proved facts. We had always supposed that a proved fact is at least as good as a presumption. The Circuit Court of Appeals seems not to have thought so, and this, we suggest, is the error into which it fell.

The basis of relief in every case is the misrepresentation that one man's goods come from another. If it is made, and it is made in this case, as both the Courts below found, what the means may be called by which it is made cannot be important. It seems illogical to hold, as the Circuit Court of Appeals did, that fraud committed in one way is actionable while the same fraud, if committed in the same way, is not, if only another name is given to it.

II.

The Circuit Court of Appeals Denied to Petitioner the Statutory Remedy for Infringement by Colorable Imitation.

Section 16 of the Trade-Mark Act of 1905 (U. S. C. Tit. 15, Sec. 96) provides for the owner of a registered trade-mark, a remedy against "any person who shall, without the consent of the owner thereof, reproduce, counterfeit, copy or colorably imitate" that trade-mark and use the "reproduction, counterfeit, copy, or colorable imitation in commerce. * * *" Thus when, as here, something other than the whole of the registered mark has been so appropriated by another, the remedy runs to the "colorable imitation."

The Trade-Mark Act itself does not purport directly to define "colorable imitation." In *Century Distilling Co.* v. *Continental Distilling Corporation*, 23 Fed. Supp. 705 (D. C. E. D. Pa., affd. C. C. A. 3, 106 Fed. (2d) 486), Judge Maris defined the words "colorable imitation" as used in the statute as follows (707):

> "This raises the question whether the plaintiff's marks do infringe those of the defendant. Under Section 16 of the Trade Mark Act, 15 U. S. C. A. Sec. 96, they must be held to infringe if they colorably imitate the trade-marks of the defendant. I think, however, that colorable imitation under Section 16 of the act is substantially the same as confusing similarity under Section 5, especially since it is not necessary under Section 16 to show that one who has colorably imitated a trade-mark has done so with intent to deceive. Saxlehner v. Siegel-Cooper Co., 179 U. S. 42, 43, 21 S. Ct. 16, 45 L. Ed. 77."

The provision of Section 5 to which Judge Maris thus referred (U. S. C. Tit. 15, Sec. 85) denies registration to trade-marks:

> "which so nearly resemble a registered or known trade-mark owned and in use by another and appropriated to merchandise of the same descriptive properties as to be likely to cause confusion or mistake in the mind of the public or to deceive purchasers."

The use of this provision as a test of "colorable imitation" is in harmony with the decision of this court in *Thaddeus Davids Co.* v. *Davids*, 233 U. S. 461, 470, which in different language prescribed the same test by saying that

> "the reproduction, copy, or imitation which constitutes infringement must be such as is calculated to mislead the public with respect to the origin or ownership of the goods."

It appears, then, that marks which *have* produced confusion or mistake in the mind of the public, and *have* de-

ceived purchasers, *are* colorable imitations within the provisions of the statute. The Circuit Court of Appeals, in holding otherwise, disregarded the plain terms of the Act and the necessary corollary of this court's decision in the *Davids* case.

There is ample evidence that, in taking the word "Cola" for use as part of the several names for the same product, respondents have taken enough of petitioner's trade-mark "Coca-Cola" to deceive the public. Petitioner proved four hundred and eighty-two instances of the passing off of respondents' product on calls for "Coca-Cola,"[1] and, as the Circuit Court of Appeals observed,[2] there was evidence indicating that this passing off occurred with the encouragement and connivance of respondents. In addition, forty-one witnesses from various parts of the country testified that the marking of respondents' product with names ending in "Cola" caused them to believe that product was a product of petitioner.[3]

In spite of this proof, the Circuit Court of Appeals failed to find infringement in the use of half of petitioner's trade-mark as half of respondents' marks, and refused petitioner the relief contemplated by Sections 16 and 19 of the Trade-Mark Act (U. S. C. Tit. 15, Secs. 96 and 99). It held in effect that there could be no infringement, and hence no remedy, where less than the whole of the petitioner's trade-mark had been appropriated. This was in express disregard of the forty-one witnesses, who were misled by respondents' names, and in direct contravention of the rule laid down by this court in *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 33:

> "It is not necessary to constitute an infringement that every word of a trade-mark should be appropriated. It is sufficient that enough be taken to deceive the public in the purchase of a protected article."

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[1] Plaintiffs' Exhibit No. 35, R. 1575,

[2] R. 2174.

[3] 2162.

This case is within that rule. The refusal to the petitioner of the remedies provided by the Trade-Mark Act is in conflict with the terms of the Act and with the quoted decision of this court.

III.

The Circuit Court of Appeals did not Follow the Decisions of This Court with Respect to Protection of a Trade-Mark which Through Secondary Meaning has Come to Indicate Origin.

The opinion of the Circuit Court of Appeals starts with an error of fact. It says that petitioner concedes that the names "Dixi-Cola" and "Marbert Cola" are not so similar to the name "Coca-Cola" that a purchaser of the beverage known as Dixi-Cola or Marbert Cola would be led to believe that he was buying the beverage "Coca-Cola." There was no such concession, but the error which the court committed in refusing relief against the names respondents applied to their goods was based upon a misapprehension of the argument made on behalf of the petitioner. This argument was founded on what Mr. Justice Holmes said in *International News Service* v. *The Associated Press,* 248 U. S. 215, 246:

> "If a given person is to be prohibited from making the use of words that his neighbors are free to make some other ground must be found. One such ground is vaguely expressed in the phrase unfair trade. This means that the words are repeated by a competitor in business in such a way as to convey a misrepresentation that materially injures the person who first used them, by appropriating credit of some kind which the first user has earned. The ordinary case is a represention by device, appearance, or other indirection that the defendant's goods come from the plaintiff. But the only reason why it is actionable to make such a representation is that it tends to give the defendant an advantage in his competition with the plaintiff and that it is thought undesirable that an advantage should be gained in that way."

The use by the respondents of the names complained of in fact falsely represents, by indirection, that the goods under

these names come from petitioner, and thus diverts customers from petitioner to respondents. This gives to the respondents an advantage in their competition with petitioner. We had always thought, to use Mr. Justice Holmes' phrase, that it is "undesirable that an advantage should be gained in that way," and that such conduct is actionable. The court below, however, held it is not.

The court seemed to entertain the idea that unless purchasers of, for example, "Dixi-Cola", thought that the substance "Dixi-Cola" was the substance "Coca-Cola", there was no actionable wrong. Perhaps a misrepresentation as to the nature of the goods might not be privately actionable. What is privately actionable is the false representation that the goods of one producer come from another. It is the misrepresentation of origin, not of kind, that is injurious, and it is that misrepresentation which, as the District Court found, the respondents made. The District Court enjoined the use of the means by which the misrepresentation was made, in accord with the general principle that "the essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another," and that the manufacturer "whose trade is pirated by an infringing use" is entitled to protection and redress. (*Hanover Star Milling Co.* v. *Metcalf*, 240 U. S. 403, 413, 416.)

The Circuit Court of Appeals fell into the error of failing to perceive that misrepresentation of origin is the basis of relief in all trade-mark infringement and unfair competition cases, and has applied a supposed rule of law at complete variance not only with rudimentary requirements of good faith but with, until now, universally accepted principles. It has permitted the denominative use of the word "Cola" to continue after proof of resultant deception. It is now a well established principle that the owner of a trade-mark, valid through secondary meaning, "whatever may have been its original weakness"[1] is entitled to protection against use of his mark or any part of it in the mark of a

[1] *Coca-Cola Co.* v. *Koke Co.*, 254 U. S. 143, 145.

competitor. The question was settled by this court in *Thaddeus Davids Co.* v. *Davids,* 233 U. S. 461, where the present Chief Justice defined as infringement "of marks consisting of names or terms having a double significance," any use which

> "is calculated to mislead the public with respect to the origin or ownership of the goods, and thus to invade the right of the registrant to the use of the name or term as a designation of his merchandise."

The court affirmed the decree of the trial court restraining the use of the registered trade-mark "Davids" as part of the name of defendants' wares.

Recently this court was called upon to determine the scope of protection to be accorded to the owner of an admittedly descriptive term which had acquired a secondary meaning (*Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U. S. 315). In restraining the use of the term "Nu-Enamel" as the name of the competitive article, Mr. Justice Reed said:

> "Here we have a secondary meaning to the descriptive term 'Nu-Enamel.' This establishes entirely apart from any trade-mark act the common law right of the Nu-Enamel Corporation to be free from the competitive use of these words as a trade-mark or trade name. As was pointed out in the *Davids* case, in considering the ten-year clause of the 1905 Act, this right of freedom does not confer a monopoly on the use of the words. It is a mere protection against their unfair use as a trade-mark or trade name by a competitor seeking to palm off his goods as those of the original user of the trade name. This right of protection from such use belongs to the user of the mark which has acquired a secondary meaning. He is, in this sense, the owner of the mark."

Such is the protection to which this petitioner is entitled regardless of any other significance of the word "Cola." The decision denying such protection is in conflict with the cited rulings of this court.

IV.

The Circuit Court of Appeals did not Follow the Decisions of This Court with respect to Retention of Trade-Mark Rights.

The Circuit Court of Appeals affirmed the petitioner's exclusive right in its trade-mark[1] and warned that "it must not be supposed that the Coca-Cola Company has not fought vigorously to protect its valuable right from invasion."[2] yet based its partial reversal of the District Court's decree on a conclusion that the word "Cola," though adopted and always claimed for that purpose, no longer indicates petitioner's product, but merely a class of competitive drinks.[3]

Such a conclusion, in the face of such facts, is legally inconsistent and directly conflicting with the decisions of this court with respect to the loss of established trade-mark rights. The doctrine enunciated by this court has always been that, when valid trade-mark rights have once been established, the owner cannot be dispossessed of them by the unauthorized or fraudulent acts of others, or by any means except his own intent to abandon them. In *Saxlehner* v. *Eisner & Mendelson Co.*, 179 U. S. 19, 33, this court held:

> "The evidence shows that these Hungarian bitter waters were largely known in this country as Hunyadi waters, and that in a certain sense Hunyadi had become a generic word for them. Of course, if it became such with the assent and acquiescence of Saxlehner, he could not thereafter assert his right to its exclusive use. *But as this appropriation was made against his constant protest, and as he apparently made every effort in his power to put a stop to the use of it, it ought not to be charged up against his claim that the word had become generic.*" (Italics ours)

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[1] R. 2162.

[2] R. 2171.

[3] R. 2172.

This holding was based upon the court's discussion of the principle that "to establish the defense of abandonment it is necessary to show not only acts indicating a practical abandonment, but an actual intent to abandon." The decision was cited, and the principle restated, by this court in *Hanover Star Milling Co.* v. *Metcalf,* 240 U. S. 403, 419. It was also cited (and quoted) by this court in *Baglin* v. *Cusenier Co.,* 221 U. S. 580, 598, with an express restatement that (597):

> "There must be found an *intent* to abandon, or the property is not lost."

A trade-mark "is property, protected and alienable, although as with other property its outline is shown only by the law of torts, of which the right is a prophetic summary." (Mr. Justice Holmes in *Beech-Nut Packing Co.* v. *P. Lorillard Co.,* 273 U. S. 629, 632.) A trade-mark is a symbol of good will, "and good will is property in a very real sense" (*Old Dearborn Distributing Co.* v. *Seagram-Distillers Corporation,* 299 U. S. 183, 194).

The holding of the court below, that this property may be appropriated by one who had no part in creating it and against the will of the one who did create it, is a deprivation of property, and contravenes the rule of law long accepted by this court as set forth by Mr. Justice White in *Singer Manufacturing Co.* v. *June Manufacturing Co.,* 163 U. S. 169, 186:

> "* * * It is elementary that there is a right of property in a name which the courts will protect. But this right, like the right to an arbitrary mark or any other, may become public property by dedication or abandonment. The latter is defined by De Maragy in his International Dictionary of Industrial Property, as follows:
>
> 'Abandonment in industrial property is an act by which the public domain originally enters or re-enters into the possession of the thing (commercial name, mark or sign), by the will of the legitimate owner. The essential condition to constitute abandonment is

that the one having a right should consent to the dispossession. Outside of this there can be no dedication of the right, because there cannot be abandonment in the juridical sense of the word.' "

V.

The Section of the Restatement of Torts on which the Circuit Court of Appeals Relied is in Conflict with the General Law Applicable to This Case.

The Circuit Court of Appeals justified its denial of relief by Section 735 (1)[1] of the Restatement of Torts. That section, however, deals with the loss of a trade-mark. It can have no application to a case such as that at bar where the court has specifically held that the trade-mark is valid.

The comment of the Restatement under this section says that a trade-mark may be lost even though "the person first adopting the designation made every reasonable effort to avoid" its being used by others in this manner. Even if this be sound doctrine, it has no application to this case, where the Circuit Court of Appeals has upheld the validity of and the exclusive right in petitioner's trade-mark.

But the view that one loses trade-mark rights if a large number of others pirate his mark even though the owner shows the utmost diligence in protecting his rights, puts a premium on successful theft. It has not been accepted by writers on this subject, 63 C. J. p. 530; Sebastian on Trade-Marks, 5th Ed. p. 120; article by Milton Handler and Charles Pickett in 30 Columbia Law Review at p. 186; Schechter, "The Historical Foundation of Trade-Mark Law," p. 166; Derenberg, "Trade-Mark Protection and Unfair Trading," p. 616.

The section of the Restatement relied upon by the court is in conflict too with such cases as *Selchow* v. *Baker,* 93 N. Y. 59, where the New York Court of Appeals said (66):

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[1] "735. (1) A designation which is initially a trade-mark or trade name ceases to be such when it comes to be generally understood as a generic or descriptive designation for the type of goods, services or business in connection with which it is used."

"It cannot be true as a general proposition, as contended on the part of the defendants, that when a manufacturer has given to his products a new name invented by himself for the purpose of distinguishing them as his, and the article becomes generally known to the trade and to the public by that name, the name becomes public property and every one has a right to use it. That proposition can be sustained only in respect to names which are descriptive of the article and incapable of being appropriated as trademarks. The value of a trademark consists in its becoming known to the trade as the mark of the manufacturer who has invented or adopted it, and in being known to the public as the name of an article which has met with popular favor. It cannot be that the very circumstances which give it value, operate at the same time to destroy it."

And *Celluloid Mfg. Co.* v. *Cellonite Mfg. Co.*, 32 Fed. 94, where Mr. Justice Bradley said (98):

"* * * When the word was coined and adopted, it was clearly a good trade-mark. The question is whether the subsequent use of it by the public, as a common appellative of the substance manufactured, can take away the complainant's right. It seems to me that it cannot."

It is also at variance with the rule in effect in Maryland, where this action was tried. In *Peter Stuart et al.* v. *John Thomas et al.*, 1 Baltimore City Reports 524, Judge Dennis, after upholding the validity of the plaintiff's trade-mark "Granolithic" in spite of some suggestive significance, said (525):

"It was also contended for the defense that the word, subsequently to its adoption by the plaintiff as a trademark, has come into such general use by the public to denote all kinds of pavements made of broken stone, sand and cement; as to make it public property; but this is not the law. It is well settled that the inventor of an arbitrary or fanciful name, having chosen it as a trade-mark and applied it to articles of his manufacture, is entitled to protection for it, notwithstanding the subsequent use by the public of the word as descriptive of

the article. Celluloid Manf. Co. v. Read, 47 Fed. Rep. 712, 32 Fed. Rep. 94, 93 N. Y. 95."

He accordingly enjoined defendants' use of the trade-mark because

> "The plaintiffs, having educated the public to ask for their pavements by their trade-mark name, have the right to insist that others shall not use the name."

In short, the section of the Restatement, and its attempted application to the present case, is in clear conflict with the established law, both local and Federal that trade-mark rights may be lost only by the act of the owner and that a mark does not become open to use by others as long as that use may have the effect of inducing the public to buy the goods of another as the goods of the original owner of the mark.[1]

VI.

The Decision of the Circuit Court of Appeals is in Conflict with the Proper Interpretation of Rule 52(a) of the Rules of Civil Procedure.

Rule 52(a) of the Rules of Civil Procedure provides that:

> "Findings of facts shall not be set aside unless clearly erroneous, and due regard shall be given to the opportunity of the trial court to judge of the credibility of the witnesses."

There is a serious conflict in the decisions of the various Circuit Courts of Appeal as to the proper interpretation of this rule.

The Fourth Circuit, for example, has held that the findings of the lower court, "though entitled to weight are per-

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[1] *Saxlehner* v. *Eisner & Mendelson,* 179 U. S. 19; *Ford* v. *Foster,* (1872) L. R. 7 Ch. App. 611; *Corkran Hill & Co.* v. *A. H. Kuhlemann Co.,* 111 Atl. 471, 136 Md. 525; *Sherwood Co.* v. *Sherwood Distilling Co.,* 9 Atl. (2d) 842, 177 Md. 455; *Peter Stuart et al.* v. *John Thomas et al.,* 1 Baltimore City Rep. 524, 525; *Little Tavern Shops* v. *Davis,* (C. C. A. 4) 116 Fed. (2d) 903.

suasive only and not controlling." (*Beckey National Bank* v. *Boone*, 115 Fed. (2d) 513.) The Eighth Circuit, having first announced a somewhat contrary construction (*Storley* v. *Armour & Co.*, 107 Fed. (2d) 499, 505, 513; *Missouri Company* v. *George*, 114 Fed. (2d) 757, 759) now holds in accord with the Fourth Circuit. (*Aetna Insurance Company* v. *Kepler*, 116 Fed. (2d) 1, 5; *State Farmers Mut. etc. Co.* v. *Bonacci*, 111 Fed. (2nd) 412, 415.)

Those courts construe "clearly erroneous" to permit a reappraisal *de novo* of the record to determine where the weight of the evidence lies.

The Seventh Circuit on the other hand, together with the Tenth Circuit hold that the phrase "clearly erroneous" in Rule 52(a) is but a restatement of Mr. Justice Holmes' language in *Adamson* v. *Gilliland*, 242 U. S. 350, 353, to the effect that if there is any testimony consistent with the finding, it must be treated as "unassailable" (*Santa Cruz Oil Corporation* v. *Allbright-Nell Co.*, 115 Fed. (2d) 604, 607; *Webb* v. *Frisch*, 111 Fed. (2d) 887, 888; *In re American Mail Line*, 115 Fed. (2d) 196, 197, 198; *Continental Oil Company* v. *Jones*, 113 Fed. (2d) 557, 564; *Kelly* v. *Aderhold*, 112 Fed. (2d) 118-119).

In the Tenth Circuit, as illustrated by the *Continental Oil Company* and *Kelly* cases, last cited above, the court holds that if there is substantial evidence to support the findings, it is not "clearly erroneous". Both the first and Eighth Circuits state that this "substantial evidence rule is no longer of force." (*Manning* v. *Gagne*, 108 Fed. (2d) 718, 719; *State Farmers Mut. etc. Co.* v. *Bonacci*, 111 Fed. (2d) 412, 415.)

The Ninth Circuit was in doubt as to the correct construction of the rule, as is illustrated by special concurring opinion of Haney, C. J. in *Occidental Life Insurance Company* v. *Thomas*, 107 Fed. (2d) 876, but is now in accord with the Seventh and Tenth Circuits. (*Wittmayer* v. *United States*, Apr. 8, 1941), 4 Fed. Rules Ser. 42, Case 4, — Fed. (2) —.

It is important as a general matter of law that this conflict be ended by an authoritative interpretation of Rule 52(a). It is important that such an interpretation be made

in this case, because it seems to us that the Circuit Court of Appeals has gone beyond the proper limit of its power with respect to the findings of the District Court.

In the present case the District Court found, as a fact, that the use of "Dixi-Cola" and "Marbert Cola" was calculated and intended to deceive and did and does deceive members of the public into the belief that defendants' drink is merchandise emanating from the plaintiff.

This finding was supported by the fact that "Cola" became known to the general public through petitioner's long and extensive use of "Coca-Cola" on its product and in its advertisements; by the oral, visual and suggestive[1] similarity to "Coca-Cola" arising from the use of one-half of it in the various names of respondents' product; by the unchallenged evidence of hundreds of instances of passing off; by the undisputed testimony of forty-one members of the consuming public as to actual confusion of origin; and by the established fraudulent intent of respondents to benefit from petitioner's good will.

On such evidence, the District Court's finding was not "clearly erroneous," but the Circuit Court of Appeals nullified it by holding that respondents' marks do not infringe. We submit that the Circuit Court of Appeals was not at liberty under Rule 52(a) so to ignore this finding.

VII.

This Decision is in Conflict with the Decisions of Other Circuit Courts of Appeals.

The opposing views which create a conflict between the decision of the Circuit Court of Appeals and applicable judicial precedents are very clearly set forth in the decision itself. The court's decision turned upon the following statement (R. 2168):

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[1] Restatement of Torts, Vol. 3, Sec. 729; *Baker* v. *Master Printers Union of New Jersey*, 34 Fed. Supp. 808, 811; *Williamson Candy Co.* v. *Ucanco Candy Co.*, 3 Fed. (2d) 156, 158.

> "It must be concluded, we think, from this history that the word 'Coca-Cola', taken as a whole, is in some sense descriptive of the drink which it designates."

Yet, in speaking of the decision of the District Court, the Circuit Court of Appeals had already observed (R. 2165):

> "Hence it was decided that the name is not clearly descriptive of the product, but should be considered a coined word with all the characteristics of a technical trade-mark. Other courts have reached the same conclusion. See, *Coca-Cola Co. of Canada, Ltd.* v. *Pepsi-Cola Co. of Canada, Ltd.*, 1938, 4 D. L. R. 161, (Reversed by the Supreme Court of Canada, 1940, 1 D. L. R. 161).[1] *Nashville Syrup Co.* v. *Coca-Cola Co.*, 6 Cir., 215 F. 527."

Here, on the court's own statement, is a conflict—one of the many conflicts with established authority which are implicit in this decision. As a result of this conflict, the Circuit Court of Appeals has recognized the validity of the trade-mark, yet sanctioned the deceptive use of one half of it in the names of another product. A similar decision by another Circuit Court of Appeals was disapproved by this court in *Baglin* v. *Cusenier Co.*, 221 U. S. 580, the present Chief Justice saying (600) that permission to the defendant to use the trade-mark word as the name or description of its product "was inconsistent with the decree as to the ownership of the trade-mark." While not denying the right of the defendant to make some proper use of the word in dispute, the limitations upon that use were clearly set forth (600):

> "In short, they were not debarred from making a statement of the facts, * * * providing it were made fairly, and were not couched in language, or arranged in a manner, which would be misleading, and would show an endeavor to trade upon the repute of the monks' cordial. * * * But neither it nor the defendant

[1] The case is now pending in the Privy Council.

> was entitled to use the word 'Chartreuse' as the name or designation of the liqueur it manufactured * * *."

Hence, the decree of the Circuit Court of Appeals, predicated upon the opinion that an exclusive right is an essential basis for protection against another's appropriation of a word for denominative use, is in conflict with the decisions of this court. It is also in conflict with the decisions of other Circuit Courts of Appeals on the same point, including:

> *Standard Paint Co.* v. *Rubberoid Roofing Co.*, (C. C. A. 7) 224 Fed. 695;
> *Trappey* v. *McIlhenny Co.*, (C. C. A. 5) 281 Fed. 23; and
> *Barton* v. *Rex-Oil Co.*, (C. C. A. 3) 29 Fed. (2d) 474.

In the *Standard Paint* case the plaintiff's mark was "Ruberoid." This court had already held "Ruberoid" to be a descriptive term,[1] but the Circuit Court of Appeals for the Seventh Circuit laid an injunction upon the manner of its use by the defendant, saying (696):

> "If the appellee used the word 'rubberoid' merely as descriptive of its roofing, there could be no cause for complaint. But it goes further; it designates its product, not adjectively and descriptively as a rubberoid roofing, but substantively and by a trade-name as 'Rubberoid'. The noun rubberoid, not the adjective is expressly claimed to be the brand of its roofing."

Trappey v. *McIlhenny Co.*, 281 Fed. 23, concerned the word "Tabasco" as a trade-mark for pepper sauce. The defense was that the defendants' sauce was in fact made from Tabasco peppers. The Circuit Court of Appeals for the Fifth Circuit said (28):

> "The decree granting the injunction in this case is affirmed, so far as it enjoins the appellants from using

[1] *Standard Paint Co.* v. *Trinidad Asphalt Mfg. Co.*, 220 U. S. 446.

> the word 'Tabasco' as the name of the sauce manufactured by them."

Barton v. *Rex-Oil Co.*, 29 Fed. (2d) 474, dealt with the plaintiff's trade-mark "Dyanshine". The defendant's infringing mark was "Victory Dye & Shine." The court treated the plaintiff's mark as having validity only because of secondary meaning, since the words in their primary significance are plainly descriptive. In the opinion first rendered, the Circuit Court of Appeals for the Third Circuit refused to enjoin the denominative use of the words by the defendant. On rehearing the court reversed this position, saying:

> "Moreover, the complainants have satisfied us that on a definite and unequivocal finding of fact of this kind the law affords the remedy of injunction against the use of words which in instances such as this have acquired only a secondary meaning when those words are used as the name of a product as distinguished from their use in describing it."

The present case is also contrary to strong decisions which have heretofore been regarded as leading cases; for example, the decision of Mr. Justice Bradley in *Celluloid Mfg. Co.* v. *Cellonite Mfg. Co.*, 32 Fed. 94:

> "As a common appellative, the public has the right to use the word for all purposes of designating the article or product, except one,—it cannot use it as a trade-mark, or in the way that a trade-mark is used, by applying it to and stamping it upon the articles. The complainant alone can do this, and any other person doing it will infringe the complainant's right. Perhaps the defendant would have a right to advertise that it manufactures celluloid. But this use of the word is very different from using it as a trade-mark stamped upon its goods."

See also: *American Waltham Watch Co.* v. *United States Watch Co.*, 173 Mass. 84, 54 N. E. 141, (decision by Mr. Justice Holmes). *Bengue* v. *American Pharmaceutical Co.*, 155 Misc. 602, 280 N. Y. S. 153, (and cases there cited). Affirmed in 294 N. Y. S. 509. The court says of the opposing theory: "The consequence would be the unharnessing of competition; commercial rivalries would become vendettas."

Such a conflict between the decision in this case and the many decisions of this court and others should be reviewed and resolved.

CONCLUSION.

The Circuit Court of Appeals recognized, as did the District Court, the validity and exclusive right in petitioner's trade-mark, the fraudulent conduct of the respondents based on the appropriation of part of that mark, and the deception which followed it. The District Court's decree gave petitioner the remedy provided by the statute and accorded under all the doctrines of common law and of equity.

The denial of an adequate injunction by the Circuit Court of Appeals was predicated upon a misconception of the law as laid down by this court, and is in direct conflict with many of this court's basic decisions. In effect it nullifies the doctrine of trade-mark rights arising from secondary meaning, which has been approved by this court. To permit trade-mark infringement and unfair competition thus to go unrestrained, not only establishes a precedent of the most severe consequences for trade-mark owners, fair traders, and the consuming public, but works a grave injury to the fundamental law of trade-marks. It is of general importance and in widespread public interest that this decision be reviewed and reversed.

Your petitioner asks, therefore, that this court grant a writ of certiorari to the Circuit Cout of Appeals for the Fourth Circuit, as prayed in the foregoing Petition.

Respectfully submitted,

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